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CHINA BOON HOLDINGS LIMITED

中福控股發展有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00922)

LITIGATION

AND

PROFIT WARNING

This announcement is made by China Boon Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09(1) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

LITIGATION

The board of directors of the Company (the “**Board**”) would like to inform its shareholders that on 14 May 2012, Sino Grandeur Limited, a wholly-owned subsidiary of the Company instituted legal proceedings in Hong Kong against Mr. Fu Yuan Ji to claim, among others, the refund of a deposit in the sum of HK\$80,000,000 paid by Sino Grandeur Limited to Mr. Fu Yuan Ji under an amended and restated sale and purchase agreement dated 30 November 2010 made between Sino Grandeur Limited as purchaser and Mr. Fu Yuan Ji as vendor (as supplemented by an agreement dated 30 May 2011). The Writ of Summons was served on Mr. Fu Yuan Ji on 14 May 2012 by registered post. For details of the amended and restated sale and purchase agreement, please refer to the Company’s announcements dated 13 December 2010, 14 January 2011 and 31 May 2011 and the Company’s circular dated 15 February 2011.

Further announcements will be made by the Company if there is any significant development with respect to the above litigation in compliance with the requirements of the Listing Rules.

** for identification purpose only*

PROFIT WARNING

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment by the management of the Company, it is expected that the Group will record a loss for the year ended 31 March 2012 as compared to a profit (after tax but before non-controlling interests) for the year ended 31 March 2011. The expected loss is mainly attributable to the provision for losses on the litigation referred above as well as reduction in sales revenue.

The Company is still in the process of finalising the Group's annual results for the year ended 31 March 2012. The information contained in this announcement is only based on a preliminary assessment by the management of the Company and is not based on any figures or information that has been audited or reviewed by the Company's auditors. Details of the financial information and performance of the Group will be disclosed as and when the final results for the year ended 31 March 2012 are announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company

By Order of the Board of
CHINA BOON HOLDINGS LIMITED
Shi Hua
Chairman and Chief Executive Officer

Hong Kong, 15 May 2012

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Shi Hua, Mr. Law Fei Shing, Ms. Shen Mingzhen and Mr. Shi Jun; two non-executive directors, namely Dr. Qi Xing Gang and Mr. Yu Ping; and three independent non-executive directors, namely Ms. Tang Yan, Ms. Lau Siu Ngor and Mr. Fu Xiao Dong.